

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 3, 2008
POSITION: Neutral

BILL NUMBER: SB 1149
AUTHOR: P. Wiggins
RELATED BILLS: SB 780 (Wiggins),
SB 1144 (Cox)

BILL SUMMARY: Telecommunications: Grants to Areas Not Served

This bill would increase the Rural Telecommunications Infrastructure Grant (RTIG) Program project cap to \$10 million per fiscal year and would allow unspent moneys to be expended in subsequent fiscal years, not to exceed \$40 million for the life of the program. In addition, the bill would allow the California Public Utilities Commission (PUC) to allocate grants to areas that lack access to emergency telephone systems and communities without basic telephone services that would enable them to communicate with essential emergency services and would extend the program sunset date from January 1, 2009 to January 1, 2013.

FISCAL SUMMARY

The PUC estimates that this bill would create no additional costs because the RTIG is an existing program.

SUMMARY OF CHANGES

Amendments to the bill since our analysis of the April 1, 2008 version would do the following:

- Cap the total grant award amount to \$40 million from either or both of the High Cost Fund A and High Cost Fund B funds during the four-year life of the RTIG program.
- Allow grants to be provided to areas that lack access to an emergency telephone system as described in the Warren-911-Emergency Assistance Act.

COMMENTS

The Department of Finance is neutral on this bill. We note that this bill is contingent upon the passage of SB 780, which would extend the sunset of the High Cost Fund-A and High Cost Fund-B, and the passage of SB 1144, which would extend the High Cost Fund-A, until 2013. Currently, these programs are due to expire on January 1, 2009.

The RTIG Program was created in 2001 to support the expansion of telephone services to low-income and rural areas. The program provides grants up to \$2.5 million annually to subsidize the cost of providing telephone service to areas where none exists. Total program grants are capped at \$10 million per year. The bill would double the award cap to \$5 million per award and cap the total grant award amount to \$40 million from either or both High Cost funds during the four-year life of the RTIG program.

Grants are awarded by the PUC to qualifying communities to build telecommunications infrastructure that can provide basic telecommunications service.

Analyst/Principal (0672) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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Form DF-43
BILL NUMBER

SB 1149

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
8660/PUC	SO	No	-----	No/Minor	Fiscal Impact	-----			0464
8660/PUC	SO	No	-----	No/Minor	Fiscal Impact	-----			0470
<u>Fund Code</u>	<u>Title</u>								
0464	High-Cost Fund-A Admin Committee Fd, Cal								
0470	High-Cost Fund-B Admin Committee Fd, Cal								